

Chapter 2
Performance Audit

Chapter 2 Performance Audit

This chapter presents performance audit of Water Resources Department.

Water Resources Department

2.1 Performance Audit of Water Resources Department

Executive Summary

Rajasthan is the driest State in the country. To address the problems faced by the water sector the Government of Rajasthan had adopted the State Water Policy in 1999 supported by a long term State Water Plan which was further revised in 2010. For optimum utilisation of surface water and to create irrigation potential, the Water Resources Department has launched various major, medium and minor irrigation projects (MIPs). As on March 2012, three major, six medium and 159 minor projects were completed and one major, five medium and 43 MIPs were in progress. A performance audit of the water resources department during 2009-12 showed the following:

The objective of the State Government of utilising surface water for irrigation through construction of irrigation projects could not be achieved due to long delays in completion of the projects due to non-availability of project site, delay in approval for drawing and design, inadequacy of funds. These delays led to cost overrun of the projects and consequently delaying the benefits to the general public. Instances of wrong calculation of benefit cost ratio to make the projects viable were also noticed. Non/less receipt of water in the dams despite sufficient rainfall indicated defective hydrology which led to unfruitful expenditure of ₹ 20.88 crore on 16 MIPs. Undue benefit of ₹ 2.75 crore was extended to contractor as liquidated damages were not levied.

Further, the State Government was deprived of revenue of ₹ 147.50 crore due to non-revision of water rates as per State Water Policy and the grant of ₹ 307.77 crore from the European Commission was also not received due to non-setting up of the Water Regulatory Authority and achieving milestones. Excess expenditure of ₹ 2.01 crore incurred on deposit works were not recovered and unclaimed deposit balances of ₹ 0.95 crore were not credited to the Consolidated Fund of the State. Irrigation Projects were sanctioned for construction of dams without canals and this resulted in non-achievement of targets of irrigation potential by utilisation of water and unfruitful expenditure of ₹ 6.56 crore incurred on these projects. Supervision and administrative inspection system, Monitoring and Internal Control mechanism were poor and Internal Audit of the department was due since 1994.

2.1.1 Introduction

The Water Resources Department (Irrigation Department upto 2005) was set up in 1949 with the objective of optimum utilisation of surface and inter-state river basin water for the purpose of agriculture and flood control. Out of the total area of 342.52 lakh hectare (ha) of Rajasthan, 257 lakh ha is cultivable land (75 per cent), which is 11 per cent of Country's total cultivable land. To utilise the surface water and to create irrigation potential, the department had taken up a number of major, medium and minor irrigation projects.

2.1.2 Organizational set-up

At State level, Principal Secretary is the Administrative Head of the Water Resources Department (WRD). At Departmental level, the Chief Engineer (CE), WRD is functioning as Additional Secretary for technical matters, assisted by four CE/Additional Chief Engineers (ACEs)¹. Four more CE²s are working for projects/activities. At the field level, there are 102 divisions headed by the Executive Engineers (EEs) and supervised by 28 Superintending Engineers (SEs). The organizational setup of the WRD is given in *Appendix 2.1*.

2.1.3 Audit objective

To assess whether:

- the department had an efficient and effective system of planning,
- the allocation, release and utilisation of funds for the projects/schemes was adequate and the operational control was effective,
- the projects were executed efficiently, effectively and economically,
- the quality control, internal control and monitoring were adequate.

2.1.4 Audit criteria

Audit criteria are derived from the following:

- Public Works Financial and Accounts Rules (PWF&AR),
- Rajasthan General Financial and Accounts Rule (GF&AR),
- Budget Manual of Government of Rajasthan (GOR),
- Departmental Manual and Guidelines of Projects/schemes,
- Orders/guidelines issued by Government of India/GoR/Foreign aided schemes from time to time,
- Rajasthan Farmers' participation in management of Irrigation System Act, 2000,
- Rajasthan Irrigation and Drainage Act, 1954 and Rules 1955.

1. ACE Jaipur, ACE Jodhpur, ACE Udaipur, CE Kota.

2. CE quality control & vigilance Jaipur, CE State Water Resources Planning Department (SWRPD) Jaipur, CE (North) Hanumangarh, CE Narmada Canal Sanchole.

2.1.5 Audit coverage and methodology

The field study for the Performance Audit was conducted during February 2012 to June 2012 covering the period 2009-12. Records were seen in State Government Secretariat, offices of CEs and Zonal offices including Investigation, Design and Research (ID&R) and Quality Control & Vigilance divisions. Out of 102 divisions, 25 divisions³ have been selected by systematic sampling method covering all zones after arranging the expenditure in descending order. In selected divisions, all projects (one major, four medium and 37 minor) were test checked.

The Performance Audit on this topic had appeared in the Report of the Comptroller and Auditor General of India for the year ending March 2001 (Civil) Government of Rajasthan.

The 'Entry Conference' with the Additional Secretary cum CE, WRD was conducted on 22 May 2012, where audit objectives, scope and methodology of performance audit was discussed. The 'Exit Conference' was held on 12 December 2012 with the Additional Secretary cum CE, WRD to discuss the findings on Performance Audit. The reply on performance audit was received in December 2012, which was incorporated suitably.

The Indian Audit and Accounts Department acknowledges the co-operation of the WRD and their officers and staff in providing necessary information and records to audit.

2.1.6 Planning

The Government of Rajasthan adopted the Water Policy in 1999 supported by a long term State Water Plan, which was further revised in 2010. The main objectives of the policy include prioritisation of water development projects, integration of surface and ground water resources, optimum use of inter-state waters, encouraging public-private partnership in development and management of water resources projects, critical appraisal of the ongoing projects, consideration of availability of water before formation of new irrigation schemes. For fulfilment of these objectives, the department had prepared five years Perspective Plan (PP), broken into Annual Plan (AP) on the basis of proposals received from the divisions. However, water resources were not developed as envisaged in the Water Policy and were executed without ensuring the availability of dispute free land, adequacy of funds, viability of projects was also not ensured as detailed in the Performance Audit:

3. EE WR Division Chhabra, Chittorgarh, Dausa, Dungarpur, SKAP canal Division Dungarpur, RWSRP Division Hanumangarh, Division II Hanumangarh, Jaipur, CCP Division Jhalawar, Jodhpur, Karauli, Kota, Merta City, Rawatsar, Mechanical Division Sanchore, NCP Division I Sanchore, Sikar, Suratgarh and Udaipur, Quality Control & vigilance Division Jaipur and Udaipur, MGNREGA Division Hanumangarh, Jhalawar, Jodhpur and Kota

Awarding of work without availability of land resulted cost overrun of ₹ 80.84 crore.

2.1.6.1 Rule 351 of Public Works Financial and Accounts Rules (PWF&AR) lays down that no work should be commenced on land which has not been duly made over by the responsible Civil Officer. Further, Rule 298 (1) *ibid* also stipulates that availability of land is a pre-requisite for planning and designing of a work.

The test check of two MIPs⁴ and one feeder (**Appendix 2.2**) revealed that these works could not be completed within the stipulated period and were still in progress as of March 2012. The main reason for delay in completion of these works was non-availability of legal title of land with the department prior to sanctioning/awarding the works of the projects.

Department initiated action for clearance of forest land/acquisition of private land after sanctioning/awarding the project works which resulted in not only delay in completion of the projects including cost overrun of ₹ 80.84 crore, but also resulted in delaying the benefits of irrigation facilities to farmers.

The EE, B&RC Division, Banswara stated (May 2012) that the procedure for clearance of forest land had taken a long time. The reply was not acceptable as the clear title of the land was a pre-requisite for sanction of the project, whereas the action taken by division was post-sanction violating the rule *ibid*.

Regarding Takli Irrigation cum Water Supply Project, the State Government accepted the facts and stated (December 2012) that land acquisition process was done in phased manner and work executed accordingly. As regards Sudari feeder, the State Government stated (December 2012) that efforts were being made to complete the work.

Unfruitful expenditure of ₹ 24.72 crore on construction of unviable Minor Irrigation Projects.

2.1.6.2 Scrutiny of records (March-May 2012) of 16 Minor Irrigation Projects (**Appendix 2.3**) in eight Divisions revealed that these MIPs having storage capacity of 8.35 mcft to 101.11 mcft projected to irrigate 4053.93 ha Culturable Command Area (CCA) were constructed between July 2002 and April 2010. These MIPs were sanctioned as viable on the basis of calculation of good water runoff, catchment area classified as good/average as per Strange's table⁵. However, despite good rainfall, there was non/short receipt of water in the MIPs. Non/short receipt of water in the newly constructed/renovated MIPs resulted not only unfruitful expenditure of ₹ 20.88 crore on constructions of these MIPs but also denial of the intended irrigation facilities to the targeted farmers. The year-wise details of rainfall, expected water receipt and actual water receipt in the MIPs are given in **Appendix 2.3**.

The State Government stated (November 2012) that:

Regarding Amka and Nimbaheri MIPs of Alwar division and Karoi, Fatehpura & Sawaipura of Sikar division, the accepted practice was to adopt run off as per Strange's table which had many limitations as it did not take into account

4. MIPs- BBSC 8 to 20.11 km. Takli irrigation cum water supply project and Sudari feeder.

5. Strange's table- The table developed by Sir W.L. Strange an English Engineer for calculating the yield of MIPs.

the rainfall intensity and the shape of catchment area. The yield calculation of MIPs was based on the rainfall data of nearest rain gauge stations since these stations were not situated adequately in the catchment area, hence, the data of these rain gauge stations do not reflect the data of catchment area exactly. As the rainfall was intermittent and not continuous, thus the down pour did not culminate into run off.

Regarding Barloot MIP (Sirohi), water receipt in the dam depended on the sufficient rainfall, regarding Tai ka Khera (Jhalawar), the State Government stated (November 2012) that rainfall was scanty with less intensity, so dam was filled one time out of eight times which shows 12.5 *per cent* dependability instead of 46.67 *per cent*.

The other divisions stated (March-May 2012) that water receipt in dams depends on the intensity of rain.

The replies of the Government reflect that before sanctioning the MIPs, viability of the project was not ascertained, hydrology was not accurate, rainfall data taken from the rain gauge station situated far from the catchment area were not realistic and the calculation of runoff based on Strange's table was not correct. Hence, the expenditure incurred on construction of dams remained unfruitful.

- Dewanchali minor irrigation project was administratively and financially (A&F) sanctioned (May 2007) by the State Government for ₹ 3.80 crore. The storage capacity of the dam was 34.75 mcft (dead storage 2.50 mcft and live storage 32.25 mcft) and catchment area was good and free. The project was proposed to provide irrigation in 205 ha and average annual rainfall was taken as 640.40 mm at Bamanwas rain gauge station.

The work order for construction of dam was awarded on 30 April 2008 to a contractor for ₹ 3.66 crore with the stipulated date of completion as 8 November 2009. The contractor completed the work (October 2009) after incurring an expenditure of ₹ 3.84 crore.

Scrutiny of records revealed that as per category of catchment area and runoff decided, 69.932 mcft and 50.42 mcft water was to be received in dam at 1,031 mm and 882 mm rainfall during 2010 and 2011 but no water was received in these years which reflected that the hydrology of the dam was not accurate and proper survey and investigation was not conducted before starting construction of the project which resulted in infructuous expenditure of ₹ 3.84 crore on construction of dam. Further, as per instructions of CE, dam and canal work were not taken up simultaneously, dam work was completed in October 2009 but canal work could not be started till date (December 2012) due to non-availability of land.

The State Government stated (December 2012) that due to scarcity of rainfall, water could not be stored in dam and canal work not taken up due to delay in land acquisition process. Reply was not acceptable as due to not conducting the proper survey and investigation and inaccurate hydrology before starting the construction of the project, no water was stored in the year 2010 and 2011.

In 2012, only 11.83 mcft water was stored against its capacity of 34.75 mcft, which rendered the expenditure of ₹ 3.84 crore on construction of dam as infructuous and cultivators of the area were deprived of the benefit of irrigation potential.

Unviable projects sanctioned by calculating wrong BC ratio.

2.1.6.3 According to the norms approved (January 1970) by the State Government, a MIP having minimum Benefit Cost (BC) ratio of 1.5:1 could be sanctioned by the CE with the concurrence of Finance Department.

For areas where no irrigation work taken up during last three plans and for scarcity and backward or hilly areas, the projects whose BC ratio is 1:1 or more than this, but less than 1.5:1, may be sanctioned by the Administrative department with the concurrence of the Finance Department. In case of a project where the BC ratio is below 1:1, it can be sanctioned with the approval of the Cabinet. As per Irrigation Manual, BC ratio is calculated by dividing the estimated annual net benefits by estimated annual cost.

Scrutiny of records of the following divisions revealed that the State Government sanctioned non-viable projects showing them as viable by excluding the interest, depreciation charges and share cost to be borne by Public Health Engineering Department (PHED) from the total cost of the project to bring up the BC ratio within the norms prescribed by the State Government. In case of Bhikha Bhai Sagwara Canal (BBSC), prior approval of Cabinet was not obtained.

Table 1: Details of B.C. ratio worked out by the Department and by Audit

S. No.	Name of Division	Name of Project	A&F Sanction	B.C. ratio calculated by the Department	Items not included in project cost to make the project viable	After inclusion of the amount as given in column '6' B.C. ratio would be as under
1.	EE B&RC Division Mahi Project, Banswara	BBSC RD 8 to 20.11 km	27 December 2004	1.11:1	Interest and depreciation charges were taken as ₹ 2.40 crore and ₹ 23.94 lakh in place of ₹ 2.70 crore and ₹ 27 lakh respectively	0.99:1
2.	EE WRD Division, Kota	Takli Irrigation cum Water Supply Project	July 2006 Revised July 2011	1.51:1	Share cost to be borne by PHED ₹ 12.60 crore	1.16:1

Regarding BBSC project, the State Government stated (December 2012) that BC ratio was calculated as per the standard practice adopted by the Central Water Commission (CWC). The reply was not acceptable as division did not mention the reasons for including the reduced amount for calculating the BC ratio.

Regarding Takli MIP, the State Government stated (December 2012) that the project cost calculated for working out the BC ratio was justified. The reply was not acceptable as the share cost to be borne by PHED was the part of the project cost and BC ratio was to be calculated accordingly.

Construction of dam without canal resulted in infructuous expenditure.

2.1.6.4 The construction of dam and canal should be taken up simultaneously so as to utilise the water stored in dam for irrigation purpose immediately. During scrutiny of records of EE division, Dausa, it revealed that the work of Surajpura Minor Irrigation Project was administratively and financially sanctioned (April 2005) for ₹ 1.73 crore for construction of dam and canal for storage of 36.08 mcft water to create CCA of 221 ha. The work for construction of dam was awarded (29 March 2006) to the contractor 'A' at a cost of ₹ 48.62 lakh with stipulated date of completion as 7 February 2007. The contractor executed the work for ₹ 17.47 lakh only and left the work incomplete. The balance work was awarded to another contractor 'B' for ₹ 38.53 lakh on 28 December 2007. The contractor completed the work in June 2009 after incurring an expenditure of ₹ 29.27 lakh. Further, Canal work awarded to contractor 'C' for ₹ 15.09 lakh on 1 March 2008 but contractor after executing the work of ₹ 3.53 lakh left the work incomplete due to protest from cultivators as land compensation was not paid to them. Thus, due to non-completion of the canal work, the water stored in dam could not be utilized and expenditure of ₹ 53.83 lakh incurred on project remained unfruitful.

The State Government accepted the fact and stated (December 2012) that canal could be completed after acquisition of land.

- The State Government accorded (December 2007) administrative and financial sanction for the Khoh Minor Irrigation Project at a cost of ₹ 14.68 crore with the condition that hydrology and design of the project will be got approved from Investigation, Drawing and Research (ID&R) Jaipur, adequate funds will be provided and forest clearance will be taken up before starting the construction of project. The project was sanctioned by adopting the hydrology on the basis of 30 years rainfall data. The work of construction of earthen bund, sluice and bye wash was awarded to the contractor for ₹ 6.28 crore on 22 August 2008 fixing the stipulated date of completion as 8 September 2010. Work was in progress and an amount of ₹ 6.02 crore has been incurred upto March 2012.

In the meeting held on 28 July 2010 under the Chairmanship of Minister of WRD, it was decided to review the hydrology of all the projects on the basis of 10 years rainfall data. In this case, revised hydrology has not yet been approved by ID&R wing (March 2012) which delayed the completion of project. Further, the canal work was also not taken up due to land dispute raised by cultivators (March 2012). Due to non-completion of dam and canal, benefit of irrigation potential in 785 ha could not be achieved.

The State Government stated (December 2012) that the alignment of canals had been finalised and it will be got approved from the competent authority in a short period and the main reason of delay was demand of land for land by the cultivators of the area. Reply was not acceptable as due to delay in

approval of revised hydrology by ID&R wing and without ascertaining the availability of land, the construction of dam and canal could not be completed.

**State Government
deprived of release
of EC grant
₹ 308 crore.**

2.1.6.5 State Partnership Programme (SPP) was a Multi sector policy support programme which was financed by the European Commission (EC). The programme was introduced in 2006 as per State Water Policy. For implementation of programme an agreement was signed between GoR and European Commission on 14 August 2006 and a grant of ₹ 450 crore (Euro 80 million) was sanctioned by the European Commission, which was to be utilised during six years i.e. from 2006-07 to 2011-12 for Drinking water, Irrigation, Ground water, Watershed and Soil conservation. The SPP was to be executed through Sector Budget Support (SBS) arrangement with the State Government with tranche releases linked to the annual state budget. EC funds were to flow on the basis of agreed tranche release criteria and milestones. EC funds were to be transferred to the Ministry of Finance, GoI, who was to further transfer the funds to the state treasury as grant. The Department of Finance in the GoR was to create a separate budget line in the main budget for EC funds under the SPP.

The SPP was to be implemented by CE, State Water Resources Planning Department (SWRPD) supported by an Inter-Sectoral Coordination Committee (ISCC) at State level and through existing Panchayati Raj Institutions (PRI) at district level and below. A broad based SPP Steering Committee (PSC) was to be established with the responsibility for policy guidance and coordination. The PSC was to meet at least twice a year to review the overall progress and performance based on the results frame work, tranche release milestones and the findings of the joint review missions. The PSC and the EC was to jointly conduct a mid year and annual review meeting every year.

During scrutiny of records of ACE, SWRPD, it was observed that out of ₹ 450 crore, grant of ₹ 142.23 crore was released during 2006-07 to 2010-11 which was 32 *per cent* only and the balance grant of ₹ 307.77 crore was not released due to non-fulfilment of tranche release criteria and non-achievement of milestones. Further, only ₹ 96.24 crore (68 *per cent*) was utilised by line departments⁶ on various activities i.e. drinking water, irrigation, ground water, watershed and soil conservation against allotted grant of ₹ 142.23 crore up to 2011-12. WRD utilised an amount of ₹ 29.47 crore on benchmarking of all major, medium and minor irrigation projects, erection/repair of gauge, updation of basin level water resources centre, water resources consultancy through Non-Government Organisations *etc.* Year wise details of amount

6. PHED, Ground Water Department, WRD, Watershed & soil conservation and Panchayati Raj Institutions.

received and utilised is given in table 2 below:

Table 2: Details of Grant received and utilised

(₹ in crore)

S.No	Year	Tranche	Amount Receivable	Amount Received	Utilised/ Expenditure
1.	2006-07	First fixed	73.12	29.28	8.35
2.	2007-08	Second fixed		34.48	14.34
3.	2008-09	-	84.38	-	21.99
4.	2009-10	Second variable	112.50	13.76	1.90
5.	2010-11	Third fixed	101.25	47.93	13.71
6.	2010-11	Third variable		16.78	-
7.	2011-12	-	42.19	-	35.95
8.	TA. Review, Evaluation, Audit		36.56	-	-
Total			450.00	142.23	96.24

Source: As per information provided by the department.

The Department stated (April 2012) that grant of ₹ 142.23 crore was only received, rest of the grant was not received due to partial fulfillment of third variable and non-fulfillment of fourth fixed tranche i.e. non-constitution of Water Regulatory Authority (WRA) and non-achieving of milestone of Mid Term Expenditure Frame work (MTEF). For constitution of WRA and regarding MTEF the matter was under consideration with GoR. Reply was not acceptable as department has not taken adequate and timely action for fulfillment of the condition laid down by the European commission which deprived the State Government from the benefit of grant.

2.1.7 Execution

Work executed without A&F sanction.

2.1.7.1 Rule 285 (b) of PWF&AR prohibits execution of works without administrative and financial sanction. Scrutiny of the records of EE, WRD, Suratgarh revealed that tenders were invited on 29 July 2008 for earth work excavation for deepening of main drain for dewatering of water logged area of Badopal, Jakhrawanwali and Bherusari in the reaches RD 0 to 25, RD 38 to 57 and RD 78 to 91 at an estimated cost of ₹ 1.10 crore without obtaining administrative and financial sanction. The technical sanction of ₹ 1.76 crore for the work was issued on 18 August 2008 by the Chief Engineer (North), Hanumangarh and the work order amounting to ₹ 1.41 crore was issued to contractor on 13 October 2008 with stipulated date of completion as 22 April 2009. The work was completed (October 2009) after incurring expenditure of ₹ 1.42 crore, however, the A&F sanction was still not obtained (July 2012).

The State Government stated (December 2012) that the work of construction of drain for dewatering of water lodged area of Badopol, Jakhrawanwali and Bherusari was sanctioned on February 2008. There was saving in work, hence, this amount was utilised for deepening of main drain and by including the

amount of other items to be executed under this scheme, a revised sanction of ₹ 8.70 crore has been sent to State Government in March 2009 for approval. The reply was not acceptable as the work of deepening was different from the work of dewatering of water logged area for which fresh A&F sanction was to be obtained.

Splitting of works/tenders in contrary to the provision of PWF&AR.

2.1.7.2 Rule 291 of PWF&AR envisages that the splitting of work/tenders for the purpose of keeping tenders in their own competency by subordinate officers is an irregularity. Further, Rule 292 *ibid* envisages the necessity for not avoiding approval or sanction of higher authority to a project which consists of such a group of works by the fact that the cost of each particular work in the project is within the powers of approval or sanction of a particular authority.

During the review of records of B&RC Division, Mahi Project, Banswara and EE, BBSC, Sagwara it was observed that the State Government accorded sanction of ₹ 26.16 crore and ₹ 30.94 crore for Minor Irrigation Scheme (MIS) I and II on 27 December 2004 and 26 April 2005 respectively. Sanction of MIS-I and MIS-II was split into separate works to keep the tenders in the competence of the CE, SE, EEs; and the works were awarded to different contractors during the years 2005-06 to 2010-11 without obtaining the sanction from the Competent Authority.

The EE, B&RC Division, Banswara stated (May 2012) that in MIS-I, separate technical estimates/abstracts were prepared for separate works. Therefore, one tender could not be invited for these separate estimates/abstracts. EE BBSC Sagwara stated (May 2012) that a construction programme is submitted to CE in the first week of April every year and works are executed accordingly, hence, it was in the knowledge of CE. The replies were not acceptable as in both the cases the action of the department for not preparing the consolidated estimate for MIS-I and MIS-II and splitting the sanction into separate works was in contravention of rules *ibid*.

Delay in accepting tender led to blockage of funds of ₹ 79.44 lakh.

2.1.7.3 As per Appendix- XI of agreement executed with the contractor, the time period prescribed for sanction of tender from the date of opening of financial bid for various stages officers was fixed as 20 days (EE), 30 days (SE), 40 days (ACE), 50 days (CE), 60 days (Administrative Department), 70 days (Finance Committee/Board Empowered Committee/Empowered Board).

Work order for construction of Agaria feeder to divert the surplus water of Vanka Tank to Agaria Tank in Rajsamand district was awarded to contractor 'A' for ₹ 1.12 crore on 28 September 2007. The stipulated dates of commencement and completion were 8 October 2007 and 7 June 2008 respectively. The contractor executed the work of ₹ 79.44 lakh upto the stipulated date of completion and then left the work incomplete for which action under clause 2 & 3 (c) of the agreement was taken against the contractor by EE (June 2009), thereafter, fresh tenders for the balance work were invited and work order for 51.90 lakh was issued (May 2010) to contractor 'B' but the contractor neither executed the agreement nor started the work within the prescribed period for which earnest money ₹ 4.28 lakh

deposited by him was forfeited. Again, fresh NIT was called on 28 June 2010 but department could not take decision for accepting the lowest tender of contractor 'C' upto the mutually extended validity period i.e. 31 December 2010, thereafter the contractor refused to extend the validity period required by the department upto 28 February 2011. Tenders were again invited on 18 March 2011, 11 May 2011, 22 July 2011 and 14 September 2011 but no response was received.

Due to inaction on the part of authorities for accepting the tender of contractor 'C' within the prescribed/extended period, the work of the feeder remained incomplete and amount of ₹ 79.44 lakh incurred upto 7 June 2008 remained blocked till date (March 2012).

EE, WRD, Rajsamand stated (May 2012) that tenders were submitted to higher authority for acceptance, but CE, WRD did not take the decision in this regard within the prescribed time.

Delay in execution of work resulted deprival of benefit of irrigation.

2.1.7.4 The A&F sanction for construction of main dam and canal of Prithvipura MIP was accorded by Deputy Secretary and TA to CE Irrigation Rajasthan, Jaipur for ₹ 1.47 crore on 19 November 2005. The Technical Sanction of ₹ 1.04 crore was accorded by EE and Technical Assistant (TA) to SE, Irrigation Circle Jhalawar on 19 June 2006. The proposed and actual irrigated area was 110 ha.

The work order of ₹ 1.11 crore was issued to contractor 'A' for construction of Dam on 23 June 2006 with stipulated date of commencement and completion as 3 July 2006 and 2 July 2007 respectively. Work of ₹ 46.83 lakh only was executed by the contractor upto stipulated date of completion. Due to non execution of rest of the work by the contractor, final notice was issued to him on 3 October 2008 and action under clause 2 & 3 (c) of agreement was taken against the contractor by SE, WR, Circle, Jhalawar on 3 June 2010 (after expiry of more than 35 months from the stipulated date of completion). The work order of balance work ₹ 74.41 lakh was issued to the contractor 'B' on 29 October 2010 and work of ₹ 19.62 lakh was executed by the contractor. This contractor also left the work incomplete. The SE, WR, Jhalawar has taken action under clause 2 and 3 (c) on 30 August 2011. Thereafter, fresh NIT was called for (21 September 2011) and work order of balance work of ₹ 73.16 lakh was issued to the contractor 'C' and the contractor had completed the work on 20 April 2012 after incurring an expenditure of ₹ 34.11 lakh.

Thus, the work was delayed for more than four and half years due to delay in taking action under clause 2 and 3 (c) of the agreement by the department against the contractor.

The State Government stated (November 2012) that the delay of more than four and half year occurred on account of non-execution of work by previous contractors which was beyond the control of the department. The reply was not acceptable as delay in imposition of compensation and recovery of risk and cost from the contractor shows the slackness and lack of monitoring of department.

Non-recovery/
levy of
compensation.

2.1.7.5 Under clause 2 and 3 (c) of the agreement executed with the contractor, the contractor was liable to pay compensation for not maintaining the *prorata* progress of the work and to bear the extra cost incurred on completion of balance work by another contractor.

Scrutiny of records of five divisions⁷, revealed that in the six cases (*Appendix 2.4*), compensation amounting to ₹ 12.04 crore was not levied/short levied on the contractors for not maintaining the *prorata* progress of the work and non recovery of extra cost incurred on execution of balance work by another contractor under clause 3 (c) of the agreement.

The State Government stated (December 2012) that regarding Madri Dam, action for recovery under Public Demand Recovery (PDR) Act has been initiated. Regarding Akodara Dam, the time extension has been sanctioned upto 6 June 2012 without compensation. On the other hand, State Government has taken action under clause 2 & 3 of agreement against contractor. The reply was not acceptable due to contradictory statement given by the department. Regarding Potoliya, Usrol, Rajpuriya MIPs and Lodisar Dam, the Government stated that efforts are being made to recover the amount. Regarding supply, laying, jointing and commissioning of distribution network of HDPE pipeline, the Government stated that department has deducted ₹ 81.38 lakh out of the amount of ₹ 1.11 crore.

Undue benefit to
the contractor of
₹ 2.75 crore by
taking delay on
the part of the
department.

- The State Government sanctioned (July 2006) Gagrini Minor Irrigation Project for ₹ 80.12 crore. Work was awarded ₹ 31.60 crore to a contractor for construction of Earthen Dam, spillway overflow and non-overflow on 25 September 2007. The stipulated date of commencement and completion were fixed as 5 October 2007 and 4 October 2011 respectively including rainy season. As per hindrance register maintained at project site, work was obstructed for 485 days upto the stipulated date of completion. Out of which, 470 days delay was on the part of the contractor and 15 days on the part of the department. Due to non-maintaining the *prorata* progress of the work during the period, compensation under clause 2 of the agreement amounting to ₹ 2.75 crore was leviable on the contractor. The contractor completed the work of ₹ 14.02 crore (44 *per cent*) only up to the stipulated date of completion for which compensation amounting to ₹ 35.92 lakh was deducted by the department from the running bills of the contractor (up to 32nd running bill). Chief Engineer, WRD, Kota proposed time extension upto 31 May 2013 by attributing the delay on the part of the department and the Deputy Secretary and TA to CE sanctioned the time extension upto 31 January 2013 and refunded (28 March 2012) the amount of compensation of ₹ 35.92 lakh already deducted from the contractors bills. Despite the delay attributable to the contractor as per hindrance register and notices under clause 2 and 3 issued by the CE, WRD, the time extension was sanctioned without compensation, which resulted in loss of revenue of ₹ 2.75 crore to the State Government and undue benefit to the contractor.

7. EE, WRD Division Chittorgarh, Dausa, Dungarpur, NCP Division-I, Sanchole and Udaipur.

The State Government stated (December 2012) that as per hindrance register, delay on the part of contractor was due to hindrance created by the cultivators. They were demanding the rehabilitation, compensation and unforeseen changes in drawing and design of foundation level of spillway. The reply was not acceptable as hindrance register clearly indicates that delay on the part of contractor was mainly due to non-availability of machine, diesel, machine breakdown and rainy season. Further, there was no provision for waiver of compensation on the ground stated by the State Government.

2.1.7.6 Lhasi Medium Irrigation Project was administratively and financially sanctioned (May 2007) by the State Government for ₹ 44.73 crore and revised sanction issued on 21 December 2010 for ₹ 106.95 crore. The technical estimate was approved by CE, WRD, Kota on 15 October 2007 for ₹ 20.57 crore which was also revised to ₹ 47.64 crore on 21 September 2011. After the geological investigation and approval of drawing and design of spillway from ID&R wing, the project was technically approved and work order of the project was issued for ₹ 24.14 crore on 19 January 2008 to a contractor with the date of completion as 28 January 2011. During excavation, hard rock was not found and the matter for preparation of revised drawing and design of spillway was sent to the CWC on 9 May 2008. Due to drawing and design of spillway received from CWC in batches, the work was held up from 8 June 2009 to 23 December 2010 and 10 January 2011 to 10 June 2011 which caused delay of 716 days in completion of work. The CE, WRD Kota, has recommended time extension up to 9 July 2015 without compensation to State Government (21 September 2011). The delay in completion of work resulted unfruitful expenditure of ₹ 75.46 crore and deprival of benefits to the beneficiaries.

The State Government stated (December 2012) that effective geological investigation was done before approval of drawing & design. Geological investigation is always carried out in small area which is assumed to be representative of the larger area. The reply was not acceptable as detailed survey and soil test was not conducted before execution of work.

2.1.8 Irrigation Potential

The irrigation potential created by construction of various major (excluding IGNP), medium and minor irrigation projects during the review period i.e. 2009-12 were 1.06 lakh ha against the target of 1.18 lakh ha fixed is as per details given in table 3 below:

Table 3: Details of targets and achievements of irrigation potential created during 2009-12
(in hectare)

Year	Major		Medium		Minor		Total	
	Target	Achievement	Target	Achievement	Target	Achievement	Target	Achievement
2009-10	42,000	42,000	4,000	4,010	1,500	2,994	47,500	49,004
2010-11	30,000	30,000	0	510	3,000	5,396	33,000	35,906
2011-12	30,000	11,000	3,000	2,283	4,647	7,506	37,647	20,789
Total	1,02,000	83,000	7,000	6,803	9,147	15,896	1,18,147	1,05,699

Source: Information made available by the department

Information regarding irrigation potential utilisation was not maintained by CE Office.

2.1.9 Monitoring

The CE, Rajasthan, Jaipur with the assistance of SE and Joint Director (Statistics) is required to monitor all the activities of the department including construction activities of all the major, medium and minor irrigation projects.

2.1.9.1 Administrative Inspection

Para 3.4.9 and 3.5.5 of Manual of Water Resource provides that SE and EE would inspect all important and major construction works. Principal Secretary, WRD issued circular (May 2009) fixing the norms⁸ for inspection of work and stay out side headquarter at night as per details given in table 4 below:

Table 4: Details of target and achievement of inspection and night halt during April 2011 to December 2011.

Designation	No. of post	Inspection			Night halt		
		Total target to be achieved	Achievement	Percent of achievement	Total target to be achieved	Achievement	Percent of achievement
CE & ACE	6	273	242	88.64	180	131	72.78
SE	19	1,292	889	68.81	855	296	34.62
EE	53	3,816	3,237	84.83	3,021	1,310	43.36

Source: Information made available by department.

Information provided by the department revealed that during April 2011 to December 2011 in four zones, the target for inspection and night halt were achieved by the CE to EEs to the extent of 68.81 to 88.64 *per cent* and 34.62 to 72.78 *per cent* respectively. Further, it was also observed that neither inspection notes were issued by these authorities nor any compliance report was received by three zones (Jaipur, Kota and Hanumangarh). Information and register regarding inspection for the year 2009-10, 2010-11, December 2011 to March 2012 were not provided to audit.

- During review of records of EE, RWSRP Division, Hanumangarh, it was noticed that a work order for rehabilitation of Morzanda distributory, Dholipal and Behrampur Minor of Bhakhra Canal system (BK-12) was awarded to a contractor on 12 May 2006 for ₹ 15.29 crore. The work was to be completed by the contractor by 11 May 2008, but due to 234 days delay in cutting of trees at Behrampur Minor, 174 days delay in land acquisition in the reach RD 13.350 to 13.705 km and 191 days delay in revision of canal capacity, the work was delayed by a total of 673 days and actually completed

8. Norms for the inspection of work CE-30, ACE-90, SE-90, EE-96 and for the night halt CE-20, ACE-60, SE-60 and EE-75

by the contractor in March 2010. It was noticed that the main reason for delay in work was divisional officer's slackness or the monitoring failure. The State Government issued directions (December 2010) to CE WRD (North), Hanumangarh to fix responsibility for delay in work and slackness of officers but action has not yet been taken against the officers till date (March 2012). Total payment of ₹ 14.79 crore up to 36th running bill and price escalation of ₹ 2.55 crore had been made to the contractor. No hindrance register was maintained by the department. The delay of 673 days resulted in avoidable payment of ₹ 71.19 lakh to contractor on account of price escalation after stipulated date of completion. Thus, due to monitoring failure on the part of department, completion of work delayed and price escalation was also paid to the contractor which could have been avoided.

The State Government stated (December 2012) that matter for taking action for fixing of the responsibility is pending with the department.

Material used was not as per specification.

- During review of Material Testing Register of BBSC (reach RD 21.070 to 21.100 km) maintained by the Dam Division, it was observed that sand and aggregates were not found as per norms as per details given in table 5 below:

Table 5: Details of norms and results of materials used in construction

Date	Location	Material	Results	Norms
15 February 2011	21070 to 21100 m	sand	Fm 3.20	2.20 to 3.00
20 February 2011	-do-	-do-	Fm 3.11	-do-
24 February 2011	-do-	-do-	Fm 3.12	-do-
16 May 2011	21070 m	-do-	Fm 3.33	-do-
23 May 2011	21040 m	Aggregate 4.75 mm	81	90-100
		sand	Fm 3.32	2.20 to 3.00
	Pier No. 11 R side	M-20 300 micron	6	8-30
21 June 2011	Pier 9	10 mm	19-23	25-55

- **Daily Cement Consumption Register**

Improper maintenance of registers.

During checking of the register of Rohini Minor Irrigation Project, it was observed that instead of maintaining register in the prescribed Proforma "Form RPWA 35 A" as per the provisions of the PWF&AR, a simple register was being used. In the register, spaces were found left blank between two entries. Further, quantity of cement bags (340, 360 and 340 bags) received on 26 March 2012, 28 March 2012 and 29 March 2012 respectively were entered in pencil, invoice/GR number for reference were not found entered, closing balance on these dates was not worked out. This indicated improper maintenance of the cement register and, thus, actual cement consumption in the work could not be verified.

The EE, WRD accepted (April 2012) that entry in cement register was made in pencil due to non-receipt of invoice. Instructions regarding proper maintenance of cement register were being issued.

- **Site Register**

The work contract provides that a qualified site engineer will be posted at the site by the contractor who will monitor quality of the works under execution and ensure compliance of the observations made by inspecting officers. During review of the site register of Rohini MIP, it was observed that compliance reports on objections raised by the engineers relating to quality of work at site on 12 occasions were not entered in the register. No qualified site engineer was appointed by the contractor at the dam. In the absence of a qualified site engineer and without ensuring timely and proper compliance of objections raised by inspecting officers possibility of using substandard material and carrying out substandard quality work at the dam can not be ruled out.

The EE stated (April 2012) that compliance of directions issued time to time have been ensured. Accordingly, work was executed and instructions are being issued for compliance. The reply was not acceptable as a qualified site engineer was not appointed by the contractor and terms of the contract were violated, besides, quality of work remained un-monitored.

2.1.9.2 Internal Audit

Rule 16 (ii) of the PWF&AR provides that to ensure sound financial organisation of the department, the Financial Advisor through subordinate officers and internal check parties will carry out internal audit by frequent inspection of zonal to sub divisional offices.

Review of records of the divisions and information provided by the department, revealed that only one audit party consisting of two members (an Assistant Accounts Officer and a Junior Accountant) was sanctioned for carrying out internal audit of the entire department and its units. As the staff was insufficient, Internal audit of the department and its units was pending since 1994. No prescribed norms were also found for internal audit.

Internal audit loses its effectiveness if deficiencies pointed out are not attended to promptly. As on March 2012, 905 paras and 116 Inspection Reports (IRs) were outstanding as detailed in table 6 below:

Table 6: Position of outstanding IRs and Paras

S.No	Name of Zone	Number of Inspection Reports	Number of Paras	Oldest IRs	Paras
1	Jaipur	45	363	1 (4/83)	3
2	Jodhpur	22	141	1(4/93)	02
3	Kota	22	119	6(4/93)	24
4	Udaipur	27	282	2(4/83)	20
	Total	116	905	10	49

Source: Information provided by the department.

2.1.9.3 Response to Audit

The Principal Accountant General (E&RSA) conducts audit of the Water Resources Department (WRD) and its subordinate offices and the irregularities are reported through Inspection Report (IRs). As on March 2012, 495 IRs and 1,843 paragraphs were pending for compliance as detailed in table 7 below:

Table 7: Closing balance of outstanding IRs/paras of WRD as on 31 March 2012

Year	Opening Balance		Addition		Closing Balance	
	IRs	Paras	IRs	Paras	IRs	Paras
2009-10	378	1,135	57	273	435	1,408
2010-11	435	1,408	45	297	480	1,705
2011-12	480	1,705	15	138	495	1,843

This shows the lack of seriousness on the part of department to make the compliance and settle the outstanding audit paras.

2.1.10 Financial management

2.1.10.1 The original budget allocation during 2009-12 under Revenue head 2700 to 2702 was of ₹ 3,945.07 crore whereas under Capital head 4700 to 4702 and 4711 it was ₹ 2,588.80 crore, against which an expenditure of ₹ 3,873.35 crore and ₹ 2,050.07 crore respectively was incurred (*Appendix 2.5*). Review of budget allotment and expenditure revealed following irregularities:

- As per para 52 and 53(2) of Rajasthan Budget Manual, the preparation of budget requires that estimation should be as accurate as possible and the provision included should be based upon what is expected to be actually paid under proper sanction during the year.

Scrutiny of budget allotment and expenditure revealed that under Capital head, saving ranged between 10.23 *per cent* and 56.60 *per cent* against the budget provision made during the years 2009-10 to 2011-12 due to less expenditure on works.

The State Government stated (December 2012) that non-utilisation of allotted budget was due to slow progress of work on account of local problems, non-acquisition of land and forest clearance. The reply was not acceptable as the budget estimates prepared were not based on actual expenditure to be incurred under proper sanction during the year.

- Analysis of expenditure revealed that “revenue expenditure” had been more than “capital expenditure” ranging from 55.79 *per cent* to 139.04 *per cent* during the years 2009-10 to 2011-12.

The State Government stated (December 2012) that the heavy expenditure under the Revenue head was due to revision of pay scales as per the Sixth Pay

Commission and expenditure under capital head depends upon work in hand and progress thereof by working agency. The reply was not acceptable as the budget estimates were not based on realistic grounds and were prepared without estimation of expenditure to be incurred during the year.

- Contrary to the provisions for furnishing the statement of excess/saving to the Finance Department by 1st February, the CE submitted it on last working day of each financial year. It was observed that all the re-appropriation orders were issued on the last day of the financial year in contravention of the Budget Manual.

Rush of expenditure in March.

2.1.10.2 As per para 139 of Rajasthan Budget Manual, expenditure should be evenly managed and rush to spend money, particularly in closing month of financial year will ordinarily be regarded as breach of financial regularity.

Scrutiny of records and monthly accounts of 18 divisions⁹ out of 25 divisions test checked, revealed that expenditure in March ranged between 26.07 per cent to 47.37 per cent during the years 2009-10 to 2011-12 as indicated in table 8 below:

Table 8: Details of expenditure incurred in March during 2009-10 to 2011-12

(₹ in crore)

Year	Total expenditure for the year	Expenditure incurred in March	Percentage
2009-10	179.57	46.83	26.07
2010-11	283.69	134.40	47.37
2011-12	212.28	77.04	36.29

Source: Information made available by department

The State Government stated (December 2012) that the works were executed mostly in February and March which increased the expenditure in March in comparison to past months. The reply was not acceptable as the expenditure was incurred in contravention of the provision of Budget Manual.

Non-recovery of excess expenditure of ₹ 2.01 crore on deposit works.

2.1.10.3 As per Rule 568 of the Public Works Financial and Accounts Rules (PWF&AR), deposit work is required to be limited to the amount of deposits received and excess expenditure to be recovered at once.

Scrutiny of records of five out of 25 test checked divisions revealed that expenditure of ₹ 2.01 crore (**Appendix 2.6**) incurred on deposit works of Panchayati Raj Institutions over and above the deposited amount had not been recovered/adjusted till date (May 2012). The State Government accepted the fact and stated (December 2012) that the balance amount of deposit work will be recovered after adjustment of utilisation certificate (UC).

9. EE, WR Division Chhabra, Chittorgarh, Dausa, Dungarpur, EE, WR SKAP Canal Division Dungarpur, EE, WR RWSRP Division Hanumangarh, EE, WR Division-II Hanumangarh, EE, WR CCP Division Jhalawar, EE, WR Division Jodhpur, Karauli, Kota, Merta City, Rawatsar, EE, field workshop Division, NCP Sanchore, EE, NCP Division-I Sanchore, EE, WR Division Sikar, Suratgarh and Udaipur.

Lapsed deposit of ₹ 0.95 crore not credited to Government Account.

2.1.10.4 As per Rule 601 of PWF&AR, all balances under the head “Deposit”, which remain unclaimed for more than three years, are required to be credited to the Consolidated Fund of the State as ‘lapsed deposits’.

Scrutiny of records of two test checked divisions revealed that an amount of ₹ 0.95 crore deposited by the various contractors/suppliers between August 1989 and May 2009 was lying unclaimed and not credited to the Consolidated Fund of the State as of November 2012 as detailed in table 9 below:

Table 9: Lapsed deposit not credited to Government Account

(₹ in crore)

S.No.	Name of Division	Period	Amount
1.	EE,WRD, Udaipur	8/1989 to 9/2008	0.24
2.	EE, WRD, Karauli	11/94 to 5/2009	0.71
		Total	0.95

Source: Information made available by department

The State Government stated (December 2012) that after review, the amount will be credited to the revenue head.

2.1.10.5 Non-reconciliation of cheques and challans with treasury

Non-reconciliation of cheques and challans with treasury.

Rule 722 of PWF&AR envisages that soon after the expiry of the month, monthly settlement should be effected with all treasuries in respect of the transactions of the entire division.

Scrutiny of records of 16 test checked divisions (*Appendix 2.7*) revealed that reconciliation of cheques issued (₹ 7.74 crore) and challans deposited (₹ 0.39 crore) by Drawing and Disbursing Officers with treasuries, was pending in the divisions. Although the reconciliation was being done every month with the departmental figures and those booked by treasuries but the above difference could not be reconciled. The possibility of misappropriation can not be ruled out. The State Government stated (December 2012) that efforts are being made to reduce the difference in amounts of cheques and challans.

Non-adjustment/recovery of advance of ₹ 0.93 crore.

2.1.10.6 Rule 566 of PWF&AR provides that personal liabilities such as deficiency in cash, stock, temporary advance, permanent advance, actual loss of cash or stock will be debited against the name of individual in ‘Miscellaneous works Advances’ and clearance of the same will be made at the earliest. Further, Rule 130 stipulates that the imprest/temporary advance given to the employee for making petty payments is required to be adjusted within 15 days from the date of advance given.

Scrutiny of records of eight test checked divisions (*Appendix 2.8*) revealed that the amount of imprest/temporary advance of ₹ 0.93 crore was not adjusted/recovered till date (December 2012). The State Government stated (December 2012) that action for recovery and adjustment is under progress. The reply was not acceptable as non-recovery of amount shows slackness on the part of the department.

Non-recovery of rent

2.1.10.7 According to finance department order No. F1(55) GA/II/77 (February 1998), the rate of recovery of Governments residential accommodation is to be revised from time to time and recovered from employees to whom the quarter allotted. Scrutiny of records of EE, WR division, Suratgarh revealed that Government residential accommodation was provided to various Government employees but monthly rent of ₹ 5.71 lakh was not recovered, of which an amount of ₹ 4.34 lakh was recoverable from a retired employee (*Appendix 2.9*).

The State Government stated (December 2012) that efforts are being made to recover the rent. Reply was not acceptable as monthly recovery of rent was not being monitored which resulted in non-recovery of the rent of ₹ 5.71 lakh.

2.1.10.8 Non-recovery of share cost

Non-recovery of share cost from RRVUN of ₹ 27.19 crore.

- As per WRD decision of 5 February 2007, reservation of 300 mcft water was made for Thermal Power Plant, Chhabra from Lhasi Medium Irrigation Project out of total live storage capacity of 1000 mcft water. This plant was to be developed by Rajasthan Rajya Vidyut Utpadan Nigam (RRVUN). As per original sanction of ₹ 44.73 crore dated 15 May 2007 of Lhasi MIP, RRVUN was to bear share cost of ₹ 17.35 crore. This was revised to ₹ 37.19 crore due to revision of project cost to ₹ 106.95 crore (December 2010). Out of total share cost of ₹ 37.19 crore, only ₹ 10 crore had been paid by RRVUN on 5 March 2011 and balance amount of ₹ 27.19 crore was still to be recovered from RRVUN (December 2012).

The State Government while accepting the fact stated (December 2012) that RRVUN has been requested to deposit the balance amount at the earliest.

Non recovery of share cost from PHED of ₹ 246.65 crore.

- The construction of Narmada Canal Project was sanctioned for irrigation as well as supply of drinking water under Accelerated Irrigation Benefit Programme (AIBP) at a cost of ₹ 1541.36 crore by Technical Advisory Committee of Central Water Commission (CWC). The cost was further revised to ₹ 2481.49 crore of which ₹ 246.65 crore were to be borne by PHED. The project is scheduled to be completed by 31 March 2013.

Review of records of CE Narmada, Sanchore revealed that share cost from PHED for ₹ 246.65 crore was not recovered.

The State Government stated (December 2012) that efforts are being made to recover the share cost.

2.1.10.9 Diversion of Funds

Diversion of funds of ₹ 3.55 crore.

To achieve the main objective of conversion of five small tanks situated in Phalodi municipal area into a lake for storage of 14.35 mcft water for drinking purpose for Phalodi town and for development of tourism in the area, the work was administratively and financially sanctioned by the State Government on 14 June 2005 for ₹ 1.36 crore which was revised to ₹ 3.51 crore (18 October 2007). The work order was issued on 30 July 2008 by EE, WR, Division,

Jodhpur to the contractor for ₹ 2.78 crore. The stipulated date of completion was 9 June 2009 including rainy season but the work was actually completed on 30 April 2011 after incurring an expenditure of ₹ 3.55 crore.

Scrutiny of records revealed that these works were related to Municipal Area (Urban Local Bodies) and the lake was constructed for tourism purpose along with drinking water, but these works were executed with irrigation funds allotted under Head-4702-Water Harvesting Structure. Since the water was not utilised for irrigation purpose, irrigation funds were diverted for the works of tourism department.

EE WRD, Jodhpur stated (May 2012) that the main purpose of construction of lake was to provide additional storage of drinking water for Phalodi town along with development of tourism. The reply was not acceptable as the purpose of conversion of five small tanks into a lake was not to provide irrigation but for drinking water and tourism.

2.1.10.10 Water Rates

Deprivation of revenue ₹ 147.50 crore due to non-revision of water rates.

- The National Water Policy (1987) recommended that water charges for various uses should be fixed in such a way that they cover at least the 'Operation and Maintenance (O&M)' charges and a part of the capital cost also. The State Water Policy (February 2010) also envisaged the determination of water charges in a manner that user is aware of the shortage of this resource and is inspired to use it economically.

Further, XIII Finance Commission sanctioned grant of ₹ 224 crore (yearly allocation of ₹ 56 crore) for water sector management for the period of four years i.e. 2011-15 with the condition to increase water charges, but no revision has taken place so far (April 2012). The water rates were last revised by State Government in April 1999. The existing water rates were fixed by calculating average of different water charges for different crops.

The present irrigation water rates were calculated on weighted average rate of ₹ 142.70 per ha. The amount realised on this rate was not sufficient to meet the O&M expenditure. The department proposed to increase the water rates in the year 2006 at ₹ 260.10 per ha. If these rates were made effective from the year 2006, an amount of ₹ 24.58 crore more could have been recovered per year. This resulted in deprivation of revenue of ₹ 147.50 crore to the State Government for six years.

The State Government stated (December 2012) that revision of water rate is under consideration since 2006 with the GoR.

Non-recovery of raw water charges from SSTPS of ₹ 12.46 crore.

- For production of electricity, raw water was being supplied by WRD to Suratgarh Super Thermal Power Station (SSTPS), Suratgarh since January 1994 without execution of any agreement. As per water tariff, water supplied was to be charged at the rate of ₹ 20 per thousand cubic feet.

Review of records of WR Division Suratgarh revealed that ₹ 12.46 crore of water charges were outstanding from SSTPS till February 2012. The department has not taken any action to recover such amount along with penal interest leviable under rule 31(4) of Rajasthan Irrigation and Drainage Rule, 1955.

The State Government stated (December 2012) that notice has been issued to SSTPS and efforts were being made for recovery of the amount.

Non-recovery of water charges from PHED of ₹ 77.66 lakh.

- Water rates for supply of drinking water to be charged from PHED were notified in the year 1995. Test-check of eight divisions (*Appendix 2.10*) revealed that the water charges amounting to ₹ 77.66 lakh were outstanding from PHED.

The State Government while accepting the fact stated (December 2012) that the matter of recovery from PHED is under correspondence.

Non-recovery of Irrigation revenue from cultivators.

- WRD notified (1999) rates for water charges from cultivators for using water for irrigation purpose.

During review of records of department and information provided by CE, WRD for the year 2009-12, it was observed that the details of revenue received on account of water charges for the State was not available with WRD as the work for assessment of recovery of irrigation revenue was being done by Revenue Department since 2001. The WRD has no mechanism to watch the records of revenue assessed and realised. The CE, WRD has provided information in respect of three zones i.e. Hanumangarh, Udaipur and Jaipur only in which revenue was recovered ranging between ₹ 11.40 crore to ₹ 21.43 crore (19.90 *per cent* to 35.09 *per cent*) during 2009-12.

The State Government stated (December 2012) that the collection of irrigation revenue was not with the Water Resources Department and is being collected by Revenue Authority. The reply was not acceptable as the recovery of revenue in the commented zones was being made by the department.

2.1.11 Conclusion

The Government objective of utilising surface water for irrigation through construction of MIPs could not be achieved due to non-completion of MIP works in the stipulated time or long delays in completion of works due to non-availability of land before sanctioning the project, delay in approval of drawing and design, inadequacy of funds. These all resulted in cost overrun and delaying of the benefits of the projects to the public.

B.C. ratio was wrongly calculated to make the projects viable, ultimately the projects after completion proved non-viable due to non/less receipt of water in the dams despite sufficient rainfall. State was deprived of revenue due to non-revision of water rates and grant from European Commission had not been received due to non-setting up of the Water Regulatory Authority. Non-recovery of excess expenditure incurred on deposit works and non-crediting of unclaimed deposit balances to the Consolidated Fund of the State, non-

adjustment/recovery of Miscellaneous Public Works Advances and imprest/temporary advances, Non-recovery of share cost from Public Health Engineer Department (PHED) and cost of raw water from Suratgarh Super Thermal Power Station (SSTPS) Suratgarh were also noticed.

Supervision and administrative inspection system, Monitoring and Internal Control mechanism were poor. Internal audit of department was due since 1994 which shows that no sound financial organisation system is there. Further, the department has shown slackness in recovery of Miscellaneous Public Works Advances from employees/firms/divisions *etc.* A large number of paras and inspection reports issued by the Principal Accountant General were lying pending for compliance.

2.1.12 Recommendations

- Irrigation rates need to be revised and Water Regulatory Authority to be constituted for increasing revenue of the department.
- State Government should ensure that Budget formulation is realistic and need based.
- State Government should ensure availability of dispute-free land and requisite permissions in respect of forest land before sanctioning/awarding the work of the project to the contractors is obtained.
- Effective monitoring of the works by the Technical officers should be ensured for timely completion of the projects.
- Internal Audit should be strengthened and compliance to audit observations should be furnished on time.